



Creating Housing Opportunities for Native Americans, Alaska Natives & Native Hawaiians



What is the Section 184 Loan Guarantee Program?

The Section 184 Loan Guarantee Program was created by the Housing and Community Development Act of 1992 to address the lack of mortgage lending in Indian Country. The 184 program offers a loan guarantee to private sector lenders who make mortgage loans to eligible borrowers for homes located in Indian Country.

Native families can utilize this federally guaranteed mortgage loan product to purchase a home on tribal trust lands, allotted lands, or fee simple lands that are within an approved 184 service area.

Benefits of the 184 Loan Guarantee Program

- Available on tribal trust, individual allotted trust or fee simple land in an Indian operating area
- Low down payment of 1.25% to 2.25% based on the lower of the appraised value or cost to acquire the home
- The maximum loan is 150% of the FHA mortgage limit subject to appraised value and down payment requirements
- 1% financeable guarantee fee at closing (no private mortgage insurance or monthly (MIP). It is the lowest cost of any government guarantee or conventional insurance program in Indian country. There is no monthly premium for a 184 loan.
- One qualifying ratio: 41% total debt to gross income ratio which can be exceeded with compensating factors.
- Single close construction (permanent) loan where only one closing is required. Monthly mortgage payments begin after closing. At closing the amount allocated for construction or rehabilitation plus a 5-10% contingency and up to 6 months mortgage payments are placed in an escrow account and are drawn down as the work is satisfactorily completed.
- 100% guarantee to the lender in the event of a foreclosure and claim.
- A strong secondary market exists: Fannie Mae, Freddie Mac, FHLB of Seattle, Ginnie Mae and some state housing finance agencies.
- Loans may be assumed by a creditworthy borrower that meets program eligibility.

Eligible borrowers include:

- Native individuals
- Tribes
- Tribally Designated Housing Entities

Section 184 can be used for:

- Purchase of an existing home
- Rehabilitation of existing home
- Purchase and rehab of an existing home.
- New Construction – Stick built or Manufactured home on foundation
- Refinancing

Benefits:

- No mortgage insurance premium
- Low down payment – 2.25% for loans over \$50,000; 1.25% for loans under \$50,000
- 100% guarantee provided to the lender in the event of foreclosure
- Can borrow up to 150% of the current FHA limits

Why is there a lack of mortgage lending in Indian country?

Much of the land in Indian Country is held in trust by the United States government for the benefit of a particular tribe or individual Native American. Land held in trust for a tribe cannot be mortgaged, and land held in trust for an individual must receive approval from the Bureau of Indian Affairs (BIA), before a lien is placed on the property. Without the ability to mortgage and foreclose on a home or place a lien on individual trust property, lenders were not willing to make home loans to individual Native Americans.

How does the Section 184 program correct the problem?

For a home loan on tribal trust land, the eligible individual borrower leases the land property from the tribe on a lease approved by the Bureau of Indian Affairs (BIA) and by HUD to create a leasehold estate. It is the home and the leasehold interest in the homesite that are mortgaged so that in the event of a foreclosure the home and leasehold interest are what are foreclosed. The ownership of the land itself remains in trust for the tribe.

For a home loan on individual or "allotted" trust land, both HUD and the BIA must approve the loan applicant. In the event of a default by a borrower on a 184 guaranteed loan on either tribal or individual trust land, the lender or HUD can only pursue liquidation of the loan after offering to transfer the loan to an eligible tribal member, the tribe or the Indian Housing Authority serving the tribe. In the event of a foreclosure, the lender or HUD can not sell the property to anyone but an eligible tribal member, the tribe or the housing authority serving the tribe. Thus the unique status of the trust land is protected.

Is trust land the only land eligible for a Section 184 loan

No. Land located in an Indian area or Alaska Native area are eligible locations for a 184 guaranteed home loan. Fee simple lands within an approved Indian area ([see PIH Notice 2004-19](#)) are allowed under Section 184.

The Tribe determines their Indian operating area by following the procedures outlined in Notice PIH 2004-19. Expansion of the 184 Service area opens up the 184 program to Native families living off reservation, thus giving them the opportunity to use the Section 184 program for a home purchase.

Can I go to my bank for a 184 loan?

Due to the unique nature of obtaining loans on tribal lands, the Section 184 Indian Housing Loan Guarantee program is offered by 184 approved lenders only. 184 approved lenders have attended HUD's 184 training and are approved to originate 184 loan applications. This requirement ensures that tribal applicants can utilize the loan program with minimal difficulty.

A list of participating lenders is attached. If there is not a participating lender in your area, please contact Iris Friday, 184 Coordinator at (206) 220-5420 for assistance.

The following Northwest tribes are approved to participate in the Section 184 Indian Housing Loan Guarantee Program:

Idaho

Coeur D'Alene, Nez Perce, Fort Hall/ShoshoneBannock

Oregon

Grand Ronde, Confederated Tribes of Coos, Lower Umpqua & Siuslaw , Coquille, Klamath, Siletz, Umatilla

Washington

Chehalis, Colville, Cowlitz, Kalispel, Lower Elwha Klallam Tribe, Lummi, Makah, Muckleshoot, Nisqually, Nooksack, Port Gamble, Puyallup, Quinault, Samish, Shoalwater, Skokomish, Snoqualmie, Spokane, Squaxin Island, Stillaguamish, Suquamish, Tulalip, Yakama

My tribe is not on the list of approved tribes. Can I still get a 184 loan?

Yes. As long as you are purchasing within **an approved 184 Indian Area** on fee simple land.

NOTE: However, in order to purchase on tribal trust land your tribe must have passed the necessary foreclosure, eviction, and lien procedures required to participate in 184.

WASHINGTON Entire State – fee simple (with the exception of tribal trust lands on the Hoh, Jamestown S'Klallam, Quileute, Sauk Suiattle, Swinomish, Upper Skagit reservations).

Mortgage financing on tribal trust land is available only for those tribes that are on our list of participating 184 tribes. The following Washington tribes are **not** currently approved for 184 financing **on tribal trust lands**: Hoh, Jamestown S'Klallam, Quileute, Sauk Suiattle, Swinomish, Upper Skagit

OREGON Entire state – fee simple (with the exception of Warm Springs reservation, Burns Paiute reservation, and Cow Creek Reservation).

IDAHO Within approved tribal reservation boundaries only for Kootenai, Coeur D'Alene, Nez Perce, and Shoshone Bannock. Bonner, Boundary, Kootenai, and Power counties are approved 184 service areas for home purchases on fee simple property.

For more information, contact: Iris Friday, Northwest Office of Native American Programs
184 Coordinator for Washington, Oregon & Idaho

Phone: (206) 220-5420

Toll-free: (877) 741-3281 ext. 5420

Email: Iris_Friday@hud.gov

Office of Loan Guarantee Underwriters:

Jan Cummins & Deanna Lucero

Toll-free: (800) 561-5913

Visit these websites for more info:

<http://www.hud.gov/local/shared/working/r10/nwonap/sec184prog.cfm?state=wa>

<http://www.hud.gov/offices/pih/ih/homeownership/184/>

TRAINING:

Reminder that the Office of Loan Guarantee, Section 184 Loan Program will be providing a two day training session for Lenders and Tribes. Dates and locations include:

Locations	Dates
Billings, MT	August 15-16, 2006

To register and/or obtain more information visit <http://www.falmouthinstitute.com/ONAP> or call 1-800-992-4489

SECTION 184 PROGRAM MATERIALS CLEARING HOUSE:

In an effort to get the word out to Indian Country about the Section 184 and Title VI Indian Housing Loan Guarantee programs, the Office of Native American Programs (ONAP) has established a clearinghouse of materials regarding these programs. These resources provide additional information on the key components, benefits and how-tos of the programs. Free brochures, posters and more are now available, by request, to all organizations that are interested in obtaining or providing loans through ONAP's loan guarantee programs.

To obtain materials visit: <http://www.falmouthinstitute.com/onap/clearinghouse.htm> or call 1-866-566-1090.

SECTION 184 WEBCAST ON BUYING A HOME

View the Section 184 Webcast at <http://www.hud.gov/webcasts/archives/buying.cfm>